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DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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PIC

August 20, 2001

Mr. Steve Stamatakis
2675 Gordon Cr. Road
Price, Utah 84501

RE: Response to Concerns in August 5, 2001 letter, Horizon Mine, C/007/020, Outgoing file

Dear Mr. Stamatakis:

Thank you for your letter of concern dated August 5, 2001 about coal mining operations at the Horizon mine. The Division's Coal Regulatory Program is designed to center around public/citizen input and we welcome your involvement. The Division shares many of your concerns and we must also ensure that mining is done in a responsible manner. We are charged with reviewing and permitting coal mines under an extensive program involving very stringent federal and state rules. This letter is to inform you that we have thoroughly reviewed the mining and reclamation plans for the Horizon Mine and we have determined that they meet the requirements of the Utah Coal Regulatory Program. Specific responses to your comments are discussed below.

Comment: *1. How will Lodestar handle subsidence on the surface property? I do not believe this has been addressed.*

Response: The Utah Coal Rules at R645-301-525 require that each operation has a subsidence control plan and that any material damage to surface lands resulting from subsidence be corrected. While some subsidence is expected to occur at the Horizon mine, steps have been taken to limit the amount and location. Only room and pillar methods are to be used which generally causes less subsidence than the more extensive longwall operations. Certain areas such as those along Beaver Creek will be protected by subsidence buffer zones maintained for a distance of 100 feet on either side of the creek. Overburden in the mine area (mostly from 600-800 feet thick) contains massive sandstone units which are unlikely to allow caving effects to reach the surface. Subsidence will be monitored through a network of survey monuments outside of the anticipated area of subsidence and a series of monitoring stations within the potential subsidence zone. While some subsidence may occur, it is not anticipated that the Horizon mine will cause material damage to structures above the mine or to the hydrologic balance. In the event that material damage does occur, mitigation would be required.

Comment: 2. *Other land owners have lost a large amount of water in this area due to mining activities. How will the loss of water on the property be replaced?*

Response: Loadstar's Probable Hydrologic Consequences (PHC) document indicates that impacts to the hydrologic balance resulting from the Horizon mine will be minimal. There is very little documentation supporting claims that water resources have been lost due to mining. This is one of the main reasons for collecting baseline data and for continuing to monitor the quantity and quality of water resources of the area throughout the mining process. The Utah coal rules at R645-301-731.530 require that the permittee will promptly replace any State-appropriated water supply that is contaminated, diminished or interrupted by underground coal mining and reclamation activities conducted after October 24, 1992 if the affected water supply was in existence before the date the Division received the permit application for the activities causing the loss, contamination or interruption. A water monitoring program is currently in place which requires both surface and groundwater sources within and adjacent to the permit area to be evaluated for both quality and quantity. Results are submitted to the Division's database on a quarterly basis and are then evaluated by the mine inspector and a Division hydrologist assigned to the mine. Impacts to the water resources would be quickly identified. Should a perennial or intermittent water resource be impacted by mining activities, Lodestar will contact both DOGM and the Division of Water Rights in order to develop a site-specific mitigation plan. We are interested in obtaining any other information that you may have in regard to water resources in this area. If you can provide us with documentation of water loss in the area, we can better assess the potential for impact.

Comment: 3. *How financially stable is Lodestar Energy to fix these problems considering the fact they have taken out Chapter 11? Is there adequate bonding to cover these concerns?*

Response: Lodestar has posted a reclamation bond in the form of a surety through Frontier Insurance Company in the amount of \$711,000. This is considered adequate to complete reclamation of the site should Lodestar default on their responsibilities. Being in Chapter 11 bankruptcy should not jeopardize the reclamation bond. Although we may prefer that they be in a stronger financial situation they continue to meet the requirements for obtaining a permit. As required by R645-301-890, a liability insurance policy is also in effect, which provides coverage for bodily injury and property damage in the amount of \$300,000 for each occurrence and \$500,000 aggregate.

Comment: 4. *Lodestar is required to drill two water monitor wells, but have not done so. Shouldn't this be a prerequisite to renewal of this Permit?*

Response:

The requirement to drill two water monitoring wells is not associated with the current permit area, rather it is tied to the collection of baseline data for permitting the federal lease north of Beaver Creek. The current permit allows mining only south of Beaver Creek and the information we already have is adequate to characterize the hydrologic resources in this area. The Horizon mine has a sophisticated water-monitoring program in place that evaluates the seeps and springs, streams and existing wells that could be

affected by the current mine. Before mining north of Beaver Creek, Lodestar will be required to obtain a permit to mine in this area. This will entail submittal of detailed information and plans, part of which would be information from two water monitoring wells to be drilled in the area north of Beaver Creek.

The Division is also charged with inspection and enforcement duties at all coal mine sites and must monitor that the implementation of the permit occurs in an environmentally sound manner. We have and will continue to conduct inspections at the Horizon mine to ensure that they continue to comply with the permit and all state and federal regulations.

We want to ensure that your concerns have been addressed. If you feel that you may be adversely affected by the decision on this application you may request in writing that the Division hold an informal conference on the application pursuant to R645-300.123.

Again, we appreciate your taking the time to contact us with your comments. If you have questions about the answers given here, please feel free to call me or Daron Haddock at (801) 538-5325. If you would like to talk to a Division hydrologist regarding these issues, please call Dave Darby at (801) 538-5341.

If you have other questions, please contact me at (801)-538-5306.

Sincerely,



Mary Ann Wright
Associate Director of Mining

vs

cc:

Dave Darby
Daron Haddock
Price Field Office

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